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Dept of Labour
Pension Benefits Branch

Legislative Paper No. 51/75
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ANNUAL REPORT
THE PENSION BENEFITS BRANCH
1 APRIL 1974 to 31 MARCH 1975

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REPORT OF
THE PENSION BENEFITS BRANCH
FOR THE PERIOD
1 APRIL 1974 TO 31 MARCH 1975

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The contents of this report covers the affairs of the Branch throughout the period 1 April 1974 to 31 March 1975.

General reference is made to the normal or routine work of the Branch, but brief accounts are included of those items deemed to be of particular interest or importance.

For easier reading and reference, the report has been divided into the following sections:

- SECTION 1. MAIN PROVISIONS OF THE ACT IN GENERAL TERMS.
- SECTION 2. DUTIES AND RESPONSIBILITIES ADDITIONAL TO THOSE REQUIRED BY THE ACT.
- SECTION 3. MEETINGS WITH SIMILAR AUTHORITIES.
- SECTION 4. UNIFORMITY.
- SECTION 5. HIGHLIGHTS OF ASSISTANCE GIVEN.
- SECTION 6. AMENDMENTS TO REGULATIONS.
- SECTION 7. GENERAL.

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1. MAIN PROVISIONS OF THE ACT IN GENERAL TERMS.

The Pension Benefits Act, Chapter 272 of the Revised Statutes of Alberta 1970, came into force as of 1 January 1967, the intent and purpose of this legislation being to safeguard the rights of employees to the benefits promised under pension plans established by employers.

To achieve this, the Act requires that every employer-employee pension plan in operation be registered with the Branch and that it comply with the standards set out, and maintain compliance during its lifetime.

In general terms, the main provisions of the Act are as follows:

VESTING:

Entitlement of a member to a deferred life annuity (payable at normal retirement age) composed of the pension benefits accrued under a pension plan in respect of service since 1 January 1967, if at the time he ceases to be employed by the employer he has attained age 45 and has been employed for a continuous period of 10 years by that employer.

"Pension benefits" means those benefits provided by both the employer's contributions and those an employee is compelled to contribute while a member of the plan.

A member who qualifies for a deferred life annuity may not withdraw either his own contributions or the commuted value of the pension entitlement, nor is this entitlement capable of being assigned, surrendered, alienated, seized or attached.

* This "locking-in" of the value of the benefit upholds the real purpose of pension plans, to provide income to retired employees.

FUNDING:

The employer is required to pay into the pension fund each

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year an amount sufficient to cover the cost of the benefits earned in that year. In addition, where an unfunded liability or experience deficiency exists, a special payment is required to be made annually in order to liquidate this debt within a specified number of years.

- * This ensures the monetary value of the promises made is being put aside, and is not part of the employer's assets.

INVESTMENT:

Pension plans are limited to those investments in which the general funds of insurance companies may be invested, with the extra proviso that not more than 10% of the book value of the fund may be invested in the shares of any one corporation. Seven per cent of the fund may be invested in unqualified securities.

- * The intent of these limitations is to reduce the risk of diminution of the fund through investment losses.

EXPLANATION TO EMPLOYEES:

The employer is required to provide each member of the pension plan with a written explanation of the terms and conditions of the plan and any amendments thereto.

- * By this means every member has the opportunity of knowing his rights and duties under the plan.

Usually the explanation is in the form of a booklet couched in every day language, but sometimes, especially if it is a relatively simple one, a copy of the plan is all that is given to members.

2. DUTIES AND RESPONSIBILITIES ADDITIONAL TO THOSE REQUIRED BY THE ACT.

In addition to its duties and responsibilities under The Pension Benefits Act with regard to pension plans covering Alberta employees, the

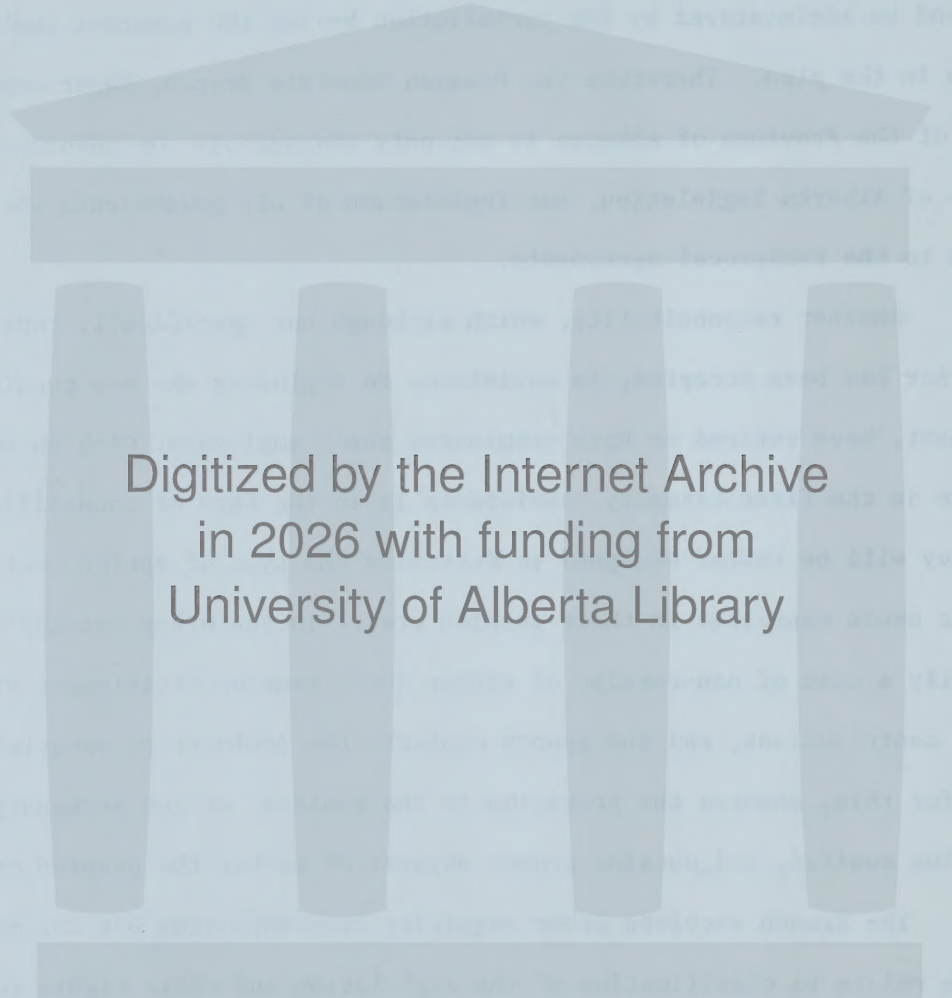
Branch, in accordance with the terms of reciprocal agreements in effect with the Government of Canada, and the governments of Ontario, Quebec and Saskatchewan, is charged with ensuring that the provisions of the legislation of these other jurisdictions are complied with by pension plans covering personnel within those jurisdictions, such agreements require that a pension plan having plan members in more than one designated province need only register and be administered by the jurisdiction having the greatest number of members in the plan. Therefore the Pension Benefits Branch, Department of Labour of the Province of Alberta is not only responsible for ensuring compliance of Alberta legislation, but legislation of all governments who are parties to the reciprocal agreements.

Another responsibility, which although not specifically contained in the Act has been accepted, is assistance to employees who are considering retirement, have retired or have terminated their employment with an employer. To those in the first category, assistance is in the form of counselling so that they will be better equipped to determine the type of option best suited to their needs contained in their pension plan. In the other categories it is usually a case of non-receipt of either their pension entitlement or refund of contributions, and the Branch contacts the employer to ascertain the reason for this, ensures the provision to the employer of any necessary documentation awaited, and obtains prompt payment of either the pension or refund.

The Branch received other enquiries from employees but the majority of these relate to clarification of the legislation and their rights thereunder.

3. MEETINGS WITH SIMILAR AUTHORITIES.

The Act of each jurisdiction contains a provision authorizing the establishment of a Canadian association of pension authorities, and as it



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was the unanimous view of the representatives of the various jurisdictions that the creation of such a body would be of benefit, not only to the regulatory authorities but also to others concerned in the pension field, the establishment of the Canadian Association of Pension Supervisory Authorities (CAPSA) was recommended.

Subsequent to approval of the formation of CAPSA three meetings have been held. The chief topics of discussion at these meetings were maintenance of uniformity, the effect of Human Rights legislation on pension plans and the responsibilities of pension authorities with regard to pension plans that contain provisions appearing to be in conflict with Human Rights legislation, the staging of a public conference to obtain a consensus of opinion, of knowledgeable people in the pension field, relating to up-dating of the legislation, the valuation of pension fund assets, the need for any change in funding rules due to the effects of inflation.

Meetings were also held by the Standing Committee of Superintendents, which in addition to carrying out certain studies on behalf of CAPSA, also functions on its own behalf, reviewing and studying problem areas, new concepts, as well as methods of dealing with these, collection and publication of statistics, and most important of all attempts to improve uniformity particularly in the area of interpretation of the provisions of the legislation.

4. UNIFORMITY.

Many of the pension plans now in effect cover employees in several provinces, the membership of others is made up of some employees subject to federal statute and some under provincial jurisdiction. To avoid the necessity of multiple registration of such plans, the provinces and the Government of Canada entered into agreements allowing for the supervision of these interprovincial or national plans by one of the authorities concerned on behalf

of the others.

However, although the main provisions of the various Acts are uniform as to intent and purpose, the wording of these differ and consequently are open to interpretation, which may lead to difficulties where a pension plan is subject to more than one Act. It is imperative therefore that agreement be reached, by the respective authorities, on the interpretation of the various provisions of the Acts and as far as possible upon the methods of supervision. The non-existence of uniformity in these areas, does, and will continue to create problems for the persons administering the Acts and all those persons and organizations connected with the employee benefits field. To date, through the close co-operation of the various jurisdictions, a great deal has been achieved, but still more remains to be done, and this will continue to be so, due to the everchanging situation in the employee benefits field.

It is hoped that through CAPSA many of the differences in interpretation, procedures and methods will be eradicated and greater uniformity achieved. This will be beneficial to all concerned in the pension field.

5. HIGHLIGHTS OF ASSISTANCE GIVEN.

At the request of the Edmonton office of the Canada Pension Plan, the Assistant Superintendent served as chairman of a Disability Appeal Board in connection with the case of an Edmonton District man appealing the refusal of his claim to a Disability Pension under the Canada Pension Plan.

The Branch was requested on two occasions to send a representative to address a group of teachers preparing to undertake counselling duties for the Alberta Teachers' Association. The Assistant Superintendent spoke at the first seminar, and the Superintendent at the second. The Superintendent was also a panel member at a pension seminar convened by the Greater Edmonton

Teachers' Convention Association.

The Trustees of the Painters Pension Trust Fund arranged a special meeting for the presentation of the first pension cheque to the first retiree under the plan, and the Assistant Superintendent was not only the guest speaker but also made the presentation.

The staff of the Branch are continually helping and advising employee members on various pension matters, often writing on their behalf to employers regarding entitlement, delay in payment of either the refund due to them or commencement of the pension. The results have been highly satisfactory and certainly worth the effort.

6. AMENDMENTS TO REGULATIONS.

The Regulations pursuant to the Act were amended by the insertion in section 1 of clause (d 1) which defines "included employment", and replacement of section 8 by a new section 8 relating to fees payable in respect of initial registration of a pension plan and subsequent annual information returns. O.C. 1863 dated 19 November 1974 authorized this change.

7. GENERAL.

Statistical information relating to the pension plans submitted for registration since the Act came into force up to 31 March 1975, is contained in Appendix 'A'.

A breakdown of those pension plans cancelled, showing the reason for cancellation, is as per Appendix 'B'.

Each jurisdiction is continuing to supply information to Statistics Canada for the joint statistical programme, and up dated statistical tables are expected to be available later this year.

The provision of income for retirement years continues to rank

exceedingly high in the non-cash benefits desired by employees, resulting in the establishment of new plans and the improvement of existing plans, which, as every amendment to a pension plan must be documented and approved by the Branch, creates a continuous but fluctuating work-load. The processing of registrations, amendments and other documentation, as well as enquiries from whatever source, are being handled with the minimum of delay.

The high degree of co-operation received by the Branch from employers, pension consultants, insurance and trust companies, has assisted considerably in the administration of the Act and is very much appreciated.

APPENDIX 'A'

	TOTAL AT MAR. 31/74	ADDITIONS DURING PERIOD	TOTAL AT MAR. 31/75
PLANS EXAMINED	2247	102	2349
PLANS "APPROVED" (REGISTRATION)	2176	101	2277
PLANS AWAITING APPROVAL (INCLUDES "NOT EXAMINED")	17	2	19
PLANS TRANSFERRED UNDER RECIPROCAL AGREEMENTS:			
TO ALBERTA SUPERVISION	83	7	90
FROM ALBERTA SUPERVISION	72	4	76
PLANS CANCELLED	888	105	993
AMENDMENTS TO "APPROVED" PLANS	3608	518	4126
ANNUAL INFORMATION RETURNS	9210	925	10135
APPENDIX 'A' TO FORM 2(B) (SUBMITTED EVERY THIRD YEAR)	1325	9	1334

APPENDIX 'B'

<u>REASON FOR DISCONTINUANCE</u>	<u>TOTAL AT MAR. 31/74</u>	<u>ADDITIONS DURING PERIOD</u>	<u>TOTAL AT MAR. 31/75</u>
NON-APPROVAL BY DEPARTMENT OF NATIONAL REVENUE	284	NIL	284
REPLACED BY NEW PLANS	145	28	173
FINANCIAL PROBLEMS	100	3	103
COMPANY DISSOLVED	88	6	94
NOT REQUIRED TO REGISTER AND DUPLICATE REGISTRATION	17	1	18
NO MEMBERS LEFT IN PLAN	92	12	104
NON COMPLIANCE	17	1	18
NO REASON GIVEN - OWNER'S REQUEST	145	54	199
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TOTAL	888	105	993

